

COB News

Coordination of Benefits (COB) News is a quarterly newsletter for Medicare contractors, employers, and others interested in Medicare COB.

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Medicare Secondary Payer

Medicare Secondary Payer (MSP) is the term used by Medicare when Medicare is not responsible for paying first. (The private insurance industry generally talks about "Coordination of Benefits" when assigning responsibility for first and second claim payment). The term "**Medicare Secondary Payer**" is sometimes confused

with **Medicare supplement**. A **Medicare supplement (Medigap)** policy is a private health insurance policy designed specifically to fill in some of the "gaps" in Medicare's coverage when Medicare is the *primary payer*.

Medicare supplement policies typically pay for expenses that Medicare does not pay because of deductible or coinsurance amounts or other limits under the Medicare program

MSP Claims Investigation

In January 2001, the COBC began the third phase of the COB contract, the MSP Claims Investigation Process. With the implementation of this task, the COB contractor assumed responsibility for virtually all initial MSP development activities formerly performed by Medicare Fiscal Intermediaries (FIs) and Carriers.

COB uses a variety of methods and programs to identify situations in

which another health plan has the legal obligation to meet the beneficiary's health care expenses before Medicare (also referred to as MSP). When COB finds that a beneficiary has other insurance, we must conduct an investigation to determine whether Medicare or the other insurance has primary responsibility for meeting the health care costs.

This investigation involves developing additional information related to the beneficiary's health benefit coverage and resolving any conflicts in the information to ensure Medicare pays correctly.

Medicare FIs and Carriers retain the responsibility of processing claims for Medicare payment. COB is not responsible for processing claims or handling any mistaken payment recoveries or claim specific inquiries.

The goal of this MSP information-gathering

activity is to identify MSP situations rapidly, thus ensuring correct primary and secondary payments by the responsible party. Providers, physicians, and other suppliers benefit from this activity because the total payments received for services provided to Medicare beneficiaries are greater when Medicare is a secondary payer to a group health plan than when Medicare is the primary payer.

With COB's MSP Claims Investigation responsibilities, we aim to get claims paid right the first time, every time.

Voluntary Agreements

The Health Care Financing Administration (HCFA) has entered into voluntary data sharing agreements with several employers to exchange Medicare and group health plan (GHP) eligibility information electronically for the purpose of coordinating health benefit payments. These agreements will provide the involved parties with other payer

information on a current basis to assure that health insurance claims for the affected beneficiaries are paid correctly by the appropriate payer.

Voluntary Agreements produce substantial benefits for HCFA, the employer, and the insurer. This information exchange can streamline the administration of insurance eliminating the need for overpayment negotiations and possible penalties. These agreements ensure that all insurers involved in benefit payments, including Medicare, pay primary when appropriate.

The purpose of the Voluntary Agreement is to establish conditions under which the employer agrees to share coverage eligibility data on employees and their spouses for which the employer provides GHP coverage. The parties seek to more efficiently coordinate health care benefit payments between the two payers in accordance with MSP and Medicare-related laws.

Contact Information

Mailing Addresses

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Voluntary Agreement
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Customer Service Center

1-800-999-1118 or
(TTY/TDD) 1-800-318-8782, Monday through Friday, from 8:00 a.m. to 8:00 p.m., Eastern Time, except holidays.

COB Web site:

<http://www.hcfa.gov/medicare/cob>

Our Next Issue

COB News will be issued quarterly. If you would like to be included on our mailing list, please contact us at:

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